

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4224-03
Bill No.: HB 1597
Subject: Health Care; Licenses - Professional; Health Care Professionals
Type: Original
Date: March 10, 2014

Bill Summary: This proposal creates the Home Care Agency Licensure Act.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
General Revenue	(Unknown, greater than \$4,001,649)	(Unknown, greater than \$4,200,349)	(Unknown, greater than \$4,254,451)
Total Estimated Net Effect on General Revenue Fund	(Unknown, greater than \$4,001,649)	(Unknown, greater than \$4,200,349)	(Unknown, greater than \$4,254,451)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 9 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Federal*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

* Income and expenditures exceed \$200,000 annually and net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
General Revenue	55.82	55.82	55.82
Federal	3.18	3.18	3.18
Total Estimated Net Effect on FTE	59	59	59

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☒ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Health and Senior Services (DHSS)** provide the following assumptions for this proposal:

DHSS, Division of Regulation and Licensure (DRL)

Sections 192.1014, 192.1018, 192.1020, 192.1024, and 192.1032

Based on information obtained from a provider-based organization, the DRL assumes 1,000 additional home care agency locations will need to be licensed and inspected. Based on DRL's knowledge of other licensure types and the related workloads, as well as the inspection frequency and the timeframes for investigating complaints, DRL estimates that 38 Health Facilities Nursing Consultants (HFNC), (\$52,596 each, annually) will be needed to perform inspections and complaint investigations at the 1,000 locations. The HFNCs are assumed to be telecommuters located throughout the state. Besides the HFNC positions identified above, DRL will need the following staff to implement the program and to provide support and management:

One (1) FTE Registered Nurse Manager (Band 2), (\$71,662 annually), to manage the overall inspection effort and program coordination; three (3) FTE Registered Nurse Managers (Band 1) (\$63,133 each, annually) to supervise the subordinate staff and to schedule inspections and monitor necessary reports and record keeping; two (2) FTE Health Program Representative II to collect data and prepare and distribute necessary reports (\$34,596 each, annually); four (4) FTE Administrative Office Support Assistants (\$27,828 each, annually) to support senior level managers and to supervise other support staff; five (5) FTE Senior Office Support Assistants (\$25,572 each, annually) to prepare correspondence, set up filing systems, answer telephones, etc.

DHSS, Division of Senior and Disability Services (DSDS)

Section 192.1032

DSDS assumes that complaints would be reported to the Central Registry Unit (CRU), at the same rate as they are for other health provider agencies licensed by DHSS. If the complaint alleges imminent danger to an individual, abuse, or neglect, DSDS assumes that the investigation would be conducted by adult protective services staff located within the region where the reported incident took place. The CRU currently averages 1,880 hotline and facility reports per FTE annually. DSDS cannot predict the number of additional complaints that would be received. Therefore, if the number of reports increases by more than 1,500 annually, one additional Adult Protective Community Worker II would be required.

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ASSUMPTION (continued)

Current adult protective services caseloads average approximately 100 per worker per year. The division would require one Adult Protective Community Worker II for every 100 additional imminent danger, abuse, or neglect investigations. DSDS cannot predict the number of additional complaints that would be received and, therefore, projects a minimum one FTE in each of the 5 regions, to handle additional investigations.

The blended Federal participation rate of 47 percent GR and 53 percent Federal was applied to this cost estimate for Personal Services and Expense and Equipment. Federal fund expenditures would be offset by draw down of Federal matching funds.

Office of Administration (OA), Information Technology Services Division (ITSD)

An unknown amount of support from OA-ITSD will be needed to assist DHSS in establishing and maintaining an application to support the requirements of the Home Care Agency Licensure Act. The application will allow for the online submission of application for licensure by the applicant and management of licenses including the inspection and complaint investigations by DHSS. The following costs will apply:

COST CATEGORY	Year One	Ongoing Costs	
	FY15	FY16	FY17
Develop/purchase an online system for the Home Care Agency Licensure program (Section 192.1014.2)	Unknown but greater than \$500,000	Unknown-best estimate is \$100,000	Unknown-best estimate is \$100,000
Computer system enhancement to the complaint tracking program (Section 192.1032)	\$66,000	\$0	\$0

The DHSS estimates FY15 costs of Unknown, greater than \$4,001,649 to the General Revenue (GR) fund; FY 16 costs of \$4,200,349; and FY 17 costs of \$4,254,451.

Officials from the **Office of Attorney General** assume any potential costs arising from this proposal can be absorbed with existing resources, but the AGO may seek additional appropriations if there is a significant increase in referrals.

Officials from the **Office of Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The Secretary of State's office is provided with core funding to handle a

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ASSUMPTION (continued)

certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes this is a small amount and does not expect that additional funding would be required to meet these costs. However, it is also recognized that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain within its core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Officials from the **Joint Committee on Administrative Rules (JCAR)** state the legislation is not anticipated to cause a fiscal impact to JCAR beyond its current appropriation.

Officials from the **Department of Social Services - MO HealthNet Division (MHD)** state creating a home care agency licensing act will not have any fiscal impact on MHD as it falls under DHSS to license, inspect, and investigate

Officials from the **Office of State Courts Administrator** and **St. Louis County** each assume the proposal would not fiscally impact their respective agencies.

Officials from the **Office of Prosecution Services** did not respond to **Oversight's** request for a statement of fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
GENERAL REVENUE FUND			
<u>Income</u> - DSS			
Facility licensing fees	\$500,000	\$500,000	\$500,000
<u>Costs</u> - DHSS			
Personal service	(\$2,218,570)	(\$2,688,906)	(\$2,715,795)
Fringe benefits	(\$1,131,582)	(\$1,371,477)	(\$1,385,191)
Equipment and expense	(\$620,477)	(\$539,966)	(\$553,465)
Development/purchase online system for the Home Care Agency Licensure program and computer enhancements	<u>(Unknown, greater than \$531,020)</u>	<u>(Unknown, greater than \$100,000)</u>	<u>(Unknown, greater than \$100,000)</u>
Total <u>Costs</u> - DHSS	<u>(Unknown, greater than \$4,501,649)</u>	<u>(Unknown, greater than \$4,700,349)</u>	<u>(Unknown, greater than \$4,754,451)</u>
FTE Change - DHSS	55.82 FTE	55.82 FTE	55.82 FTE
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(Unknown, greater than \$4,001,649)</u>	<u>(Unknown, greater than \$4,200,349)</u>	<u>(Unknown, greater than \$4,254,451)</u>
Estimated Net FTE Change on the General Revenue Fund	55.82 FTE	55.82 FTE	55.82 FTE

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
FEDERAL FUNDS			
<u>Income- DHSS</u>			
Increase in program reimbursements	\$284,722	\$238,644	\$241,668
<u>Costs - DHSS</u>			
Personal service	(\$88,531)	(\$107,300)	(\$108,373)
Fringe benefits	(\$45,155)	(\$54,728)	(\$55,276)
Equipment and expense	<u>(\$151,036)</u>	<u>(\$76,616)</u>	<u>(\$78,019)</u>
Total <u>Costs - DHSS</u>	<u>(\$284,722)</u>	<u>(\$238,644)</u>	<u>(\$241,668)</u>
FTE Change - DHSS	3.18 FTE	3.18 FTE	3.18 FTE
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Estimated net FTE Change on Federal Funds	3.18 FTE	3.18 FTE	3.18 FTE
 <u>FISCAL IMPACT - Local Government</u>	 FY 2015 (10 Mo.)	 FY 2016	 FY 2017
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

The requirement for licensure fees of at least \$500 annually would have a negative economic impact on small business in-home service agencies.

FISCAL DESCRIPTION

This proposal establishes the Home Care Agency Licensure Act. In its main provisions, the proposal: (1) Requires every county and the City of St. Louis to provide part-time, intermittent home care nursing services and at least one of the following home care services on a part-time, intermittent basis: physical, occupational, or speech therapy; medical social work; or home health aide services. The services may be provided by contract with another home care agency in another county; (2) Prohibits a person or political subdivision from operating a home care agency without a license from the Department of Health and Senior Services; (3) Establishes the criteria

FISCAL DESCRIPTION (continued)

regarding an application for a license which includes the educational, employment, and any criminal history of the applicant and his or her employees. Any false statement on the application must result in a licensure denial. Every person or political subdivision that receives a license must disclose to any client or potential client the criminal history of its employees as listed on the application and must report to the department, by the fifth of every month, a list of each person that is employed on the first of the reporting month; (4) Requires a licensed agency to pay to the department a non-refundable annual licensing fee of \$500 or more as determined by the department. Each license must be issued only for the premises and persons named in the license application and cannot be transferable or assignable except with the written approval of the department. The license must be posted in a visible place on the licensed premises; (5) Requires the department to charge a residential care facility licensed under Chapter 198, RSMo, that has nursing home beds or adult care home beds a non-refundable annual per-bed fee of \$12.50; (6) Allows the department to suspend, revoke, annul, withdraw, recall, cancel, or amend a home care agency license when there has been a substantial failure to comply with these provisions; (7) Requires the department to inspect each home care agency licensed under these provisions every three years; (8) Allows the department to review any and all records of persons who are or have been clients of the agency unless the client objects in writing; (9) Requires the agency, its employees, and any person interviewed during an inspection to be immune from liability for damages resulting from the disclosure of any information to the department. All confidential or privileged information received from the review of records or interviews must be kept confidential by the department and not disclosed without the written authorization of the client or legal representative or an order by a court of competent jurisdiction; (10) Specifies that any person who knowingly and willfully establishes, conducts, manages, or operates a home care agency without a license is guilty of a class B misdemeanor for each violation; (11) Requires a home care agency to prohibit its employees from smoking while providing services to an individual's home and to inform its clients of the prohibition; (12) Allows the department to impose an administrative penalty of up to \$200 for each violation on any person or political subdivision that fails to comply with these provisions; (13) Specifies the rights of each client of a home care agency; (14) Requires a home care agency to provide each client with specified information during the agency's initial evaluation visit or before furnishing services; and (15) Requires the department to investigate complaints made to it and reply within a reasonable period of time, not to exceed 60 days. A complaint regarding client care or client safety must be investigated within specified expedited time frames. The department may inspect client medical records maintained at the agency when necessary to investigate any alleged violation and must maintain the confidentiality of all persons who register a complaint with the department and of all medical records inspected by the department. A person who has filed a complaint must have access to information about a complaint investigation involving a specific home care client if written authorization is obtained from the client or legal representative.

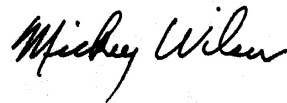
This legislation is not federally mandated, would not duplicate any other program but may require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Attorney General
Office of State Courts Administrator
Department of Elementary and Secondary Education
Department of Health and Senior Services
Department of Social Services -
 MO HealthNet
Joint Commission on Administrative Rules
Office of Secretary of State
St. Louis County

Not Responding:

Office of Prosecution Services



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March 10, 2014

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March 10, 2014